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A Letter TO CROP REPORTERS

EARLY in October I attended a meeting of the National Association of Commissioners, Secretaries, and Directors of Agriculture held in Seattle, Washington. This is an annual affair where the men in charge of the State Departments of Agriculture come together for about a week and discuss problems of mutual interest that affect agriculture and farmers in their respective States. It is a typical American sort of meeting where everyone gets a chance to brag about his State, and rib the other guy; but, for the most part, it is a serious, hard-working conference. This group of men want to do the best job possible for the farmers and the people of their States and they have long since learned that they can do a better job by understanding each other's problems and cooperating in their solution.

Take this matter of the Crop and Livestock Reporting Service as an example. Some 35 years ago, the people in charge of your Crop and Livestock Reporting Service started a plan whereby the Federal service was joined with similar services rendered by several of the States. In those days a number of States were issuing crop reports on their own, which naturally duplicated to some extent the Federal reports and frequently created misunderstanding. Such a situation just didn't make sense. So we got together, and for years now, there has been in effect one National Federal-State Cooperative Crop Reporting Service. There is no separate State crop report and no separate Federal crop report. We each gave up something, but we each gained more because a better and more economical job is being done than could possibly be done with each State and the National Service working independently. The general idea naturally spread into other fields so that there is extensive cooperation between these State Departments of Agriculture and the U. S. Department of Agriculture on a good many programs.

Frankly, I enjoyed the trip to Seattle very much. There is a great deal of beautiful scenery in the Pacific Northwest and we did get a chance to see a little bit of it. But most of the time was spent in downright hard work trying to get at the best solution for some very knotty problems. I sat up more than half the night with the Marketing Committee, and the Livestock Committee was going strong when I went to bed. Nevertheless, out of all the discussion and arguments, we ended up with a better understanding and agreement on the best course of action in many cases.

Well, the point is, I want to let you voluntary crop and livestock reporters know that this is a cooperative arrangement between you, your State, and the Bureau of Agricultural Economics of the U. S. Department of Agriculture.

One radio announcer recently made a spot announcement about this Crop Reporting Service which I thought expressed the whole idea very well. He said, "It is a unique, Nation-wide brotherhood of men bound together by a common interest to help themselves, other farmers, and the Nation."

Wouldn't it be a swell world if we had a world-wide acceptance of that idea as a basis for working out our international problems?

S. R. Newell, *Chairman, Crop Reporting Board, BAE*

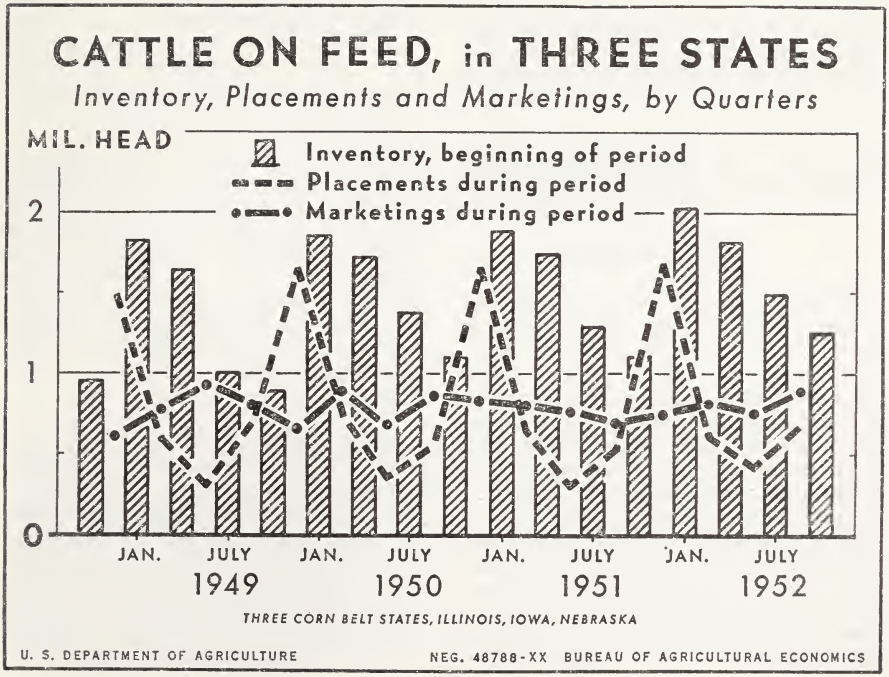
Changes in Cattle Numbers on Feed Shown in "3-State" Reports

MARKED seasonal changes in numbers of cattle and calves put on feed during each feeding year are revealed by Bureau of Agricultural Economics statistics on cattle feeding in 3 States—Illinois, Iowa, and Nebraska. The special reports on cattle feeding show that feedlots are filled at the heaviest rate during October to December, with the rate of replacements declining sharply after January 1 and reaching a low in the April–June period.

A seasonal peak in inventory numbers is reached on January 1 following the heavy movement into feedlots during October–December. With marketings somewhat larger than replacements during the first quarter of the year, inventories on April 1 are slightly lower than on January 1. As marketings exceed replacements by a considerable margin during April–June, the July 1 inventory of cattle on feed is usually sharply below that of April 1. Even with a marked pickup in number of replacements in the third quarter, marketings are still large enough to further reduce inventories to a seasonal low on October 1. (See chart.)

In contrast with a distinct seasonal pattern for inventories and placements, marketings of fed cattle do not seem to follow any fixed pattern, changing little from quarter to quarter. This evenness offsets the variation in placements and levels out the supply of better grade beef during the year.

Of value to those interested in appraising the cattle feeding situation are the detailed statistics on cattle feeding shown by the three-State report. Statistics are shown for the length of time cattle have been on feed, the number on feed classified by weight groups and kinds of cattle—such as



steers, heifers, and calves. This special three-State report also shows the number intended to be marketed in the immediate months ahead.

Statistics on the length of time cattle have been on feed have special significance for those analyzing developments in cattle feeding. They reveal details on prospective supplies of fed cattle that are not possible to determine from changes in total inventories of cattle on feed and statistics on shipments of stocker and feeder cattle.

While the total number of cattle and calves, in the three States on feed July 1, 1952, was 16 percent above a year earlier, the number on feed less than 3 months was up 43 percent; those on feed 3 to 6 months, down about 2 percent; and those on feed over 6 months, up 28 percent. This pointed to relatively large increases in marketings in late summer and early fall, with some tapering off in late fall and early winter.

On October 1 this year, the total number of cattle on feed was still above a year earlier. The detailed comparisons on the length of time cattle had been on feed showed a large increase in the number on feed less than 3 months, and also in the number on feed 3 to 6 months. The number on feed over 6 months was not much different than a year earlier. This continues to reflect the lighter replacements made last January–March, but increased replacements since April point to relatively large marketings of fed cattle during the mid-winter.

Arnold V. Nordquist
Bureau of Agricultural Economics

Closer Check on Feeder Volume Now Possible

Numbers of cattle on feed and feeders' marketing intentions are now reported four times a year by the *Bureau of Agricultural Economics* in three important feeder States. The new reports are the result of special surveys made possible with funds provided by the Research and Marketing Act of 1946.

These quarterly reports tell more than was previously known about numbers and kinds of cattle on feed and the intentions regarding dates of marketing. From these reports, each cattle feeder is better able to lay out his own marketing plans. Moreover, as the accompanying article indicates, data from these quarterly reports in the past 3 years show the normal seasonal pattern of inventories and placements in the important Corn Belt area.

Formerly, feeders and persons analyzing the cattle feeder situation had to depend for their information on BAE's once-a-year cattle inventories, together with market reports on shipments of stocker and feeder cattle, which, of course, had not been giving a complete picture of the volume of feeding on farms.

Outlook Highlights

. . . . NOVEMBER 1952

Rising expenditures for defense and business investment have contributed to a gradual increase in personal incomes this year. This is true despite work stoppages, some of long duration and involving large numbers of workers. Personal income payments for the third quarter this year were about 4 percent above a year earlier . . . Employment has held stable, the 62.3 million civilians at work in September being close to the record reached this June and in August last year. Consumer incomes, after taxes, also have been relatively steady over the past year, ranging between $230.5 billion and $233 billion (annual rate) since the fourth quarter of 1951 . . . Consumer expenditures for goods and services in the third quarter were at an annual rate of $216 billion, up $10 billion from a year earlier . . . Plans of businessmen for unusually large outlays for new plant and equipment suggest that they are generally optimistic about economic prospects.

This Year's Crops

Total production of crops this year, based on October estimates, will be near record, only 3 percent below the 1948 peak . . . Feed grains produced will total about 119 million tons compared with 114 million last year and the 10-year average of 116 million tons. Oats, at 1.3 billion bushels, is nearly average crop; barley, at 222 million

(*Continued on page 11*)

Keeping Posted with Crop Reports

WE are living in a "keep posted" age. Farmers, just as do their fellow tradesmen in town, find it necessary to get all the information they can about how much is being produced, as well as how much is likely to be needed of the various farm products. It isn't enough to know that increased quantities of food and fiber are needed to take care of a growing world population. A farmer produces specific crops or combinations of specific crops and he has to have information that will enable him to plan his crops so that he can hope to make a decent living.

So more than ever, farmers find it important to keep in touch with the markets and to keep posted about the supply of, and the demand for, the specific crop or crops that he is favorably situated to produce. It is for this reason mainly that the farmer is interested in the crop and livestock reports issued regularly by the Government.

Available to Consumers as Well as Farmers and Tradesmen

In the early days as the frontier of the country moved westward, the farmers found it harder and harder to know what to produce, how much to produce, and when to sell. They soon realized that they were at a disadvantage when bargaining because they knew less about crop and livestock supplies than did the people to whom they sold. Thus, approximately 90 years ago, at the request of and with the assistance of the farmer, the Government first assumed responsibility for release of timely and unbiased information on production of crops and livestock. This information, ever since, has been made available to all—farmers, the trade, and the consuming public. This service has been maintained over the years by the U. S. Department of Agriculture, more recently in the Bureau of Agricultural Economics, and in cooperation with Agricultural Departments of many individual States.

The strength or "backbone" of this service is the individual farmer—the crop reporter—who supplies the information necessary for measuring the crops and counting the livestock. Each reporter lives in a different neighborhood, but crop reporters are of sufficient number so that all farming communities of the Nation are represented. They report, at regular intervals, information relating to their own farming operations and crop prospects in their localities. They serve without pay, as a service to agriculture and the Nation. In short, they trade information about their locality for facts on crop prospects in other localities and the Nation as a whole.

Even before the recent harvest had made much headway, the Federal-State Crop and Livestock Reporting Service told us that the 1952 wheat crop was to be one of the largest on record. Favorable weather permitted a rapid harvest. Thus, a production was achieved by farmers which assures adequate supplies of wheat for current domestic consumption and world export, while building up a reserve against emergencies.

Even though a large wheat crop was produced, it was one of scant proportions for a number of individual farmers located in certain sections of the country. An early drought and late spring freeze in parts of Texas, Oklahoma, Colorado, and Kansas caused heavy damage to wheat on many farms—some farmers losing their entire crops. Likewise, a spring drought and late-season black stem rust infestation cut short spring wheat production in parts of the Dakotas and Minnesota.

Other situations affected the wheat crop in other localities. However, while lack of rain was hurting Montana wheat prospects, spring rainfall in Ohio was reviving many fields of late-sown wheat which would have been

abandoned for other crops, except for stands of clover and grasses seeded in the fields. Also, as the season advanced, sufficient moisture was received in the southern Great Plains area to stimulate growth of plants that had survived the extended winter and spring drought. Likewise, some of the apprehension expressed by a few individual observers that the late April freeze had severely reduced the wheat crop over a broad area faded as the anticipated damage failed to materialize. In Kansas, an all-time record production was harvested. Thus, we have the story of the second largest wheat crop to date in the Nation's history.

Many Hands, Many Minds Keep Production Steady

With 70 to 80 million acres of wheat widely distributed across the country between its remote limits, east to west and north to south, it is impossible for one person to individually appraise the national crop as of a given date. However, the individual crop reporters mail in their reports and when these are combined, the crop prospects in every locality of the country become known in a matter of a few days.

With the capacity of the Nation's agricultural plant "geared" more closely to the gradually increasing demand for food and the allied staple products, today's farmer is becoming more and more aware that increased production alone is not enough. It is, as well, a *balanced production* between the many items needed to fill the food basket that concerns him. He not only wants to supply sufficient bread and meat, but the right number of potatoes and eggs. He found out long ago that too few or too many eggs in one basket was good neither for the consumer nor himself. With production costs mounting as farming operations intensify, he realizes the need of knowing something about what farmers are doing in other regions of the country. Whether he be the Texas rancher, the Indiana corn and hog raiser, the New York dairyman, or the Kansas wheat farmer, he is keeping in closer touch with over-all crop supplies and livestock inventories as a basis for sound planning of his individual operations.

Faces Obstacles, Looks Ahead

In addition to laying plans at the beginning of the season as to what to produce, the farmer needs to know, toward the end of the season, something about how much finally will be produced. He is well acquainted with the many pitfalls that lie along his "production line." Before hauling his grain to market, he has first to battle the elements—flood, hail, lack of rain, insects or "what have you." Each crop develops under different and ever-changing patterns of favorable and unfavorable weather. Likewise, each year brings varying degrees of insect infestation and disease saturation—one or the other, both, or none. The crops of one farmer may give bountiful harvest by reason of a favorable growing season, while a neighbor's crop may be woefully short due to occurrence of hail or any one of nature's many other pitfalls to farm production. Just as production varies from one farm to another within a neighborhood, the same is true between areas within each State and between the broader producing sections of the Nation. Thus, one farmer cannot always judge the total crop production by the size of his own crop.

However, by means of an interchange of crop and livestock information flowing from and between each and every producing locality, the farmer of today is keeping posted as to current prospects throughout the Nation. With the existence of widespread differences in production from year to year and between localities, the farmer needs these facts to plan independently and intelligently his individual farming operations.

Yes, the Nation's farmer is keeping posted. Each month the crop reporters prepare and mail their appraisal of local conditions. In turn, a few days later, the farmer reads in his newspaper, hears over the air, or receives in the mail the latest over-all crop and livestock information as compiled from these reports by the Federal-State crop and livestock reporting system.

Donald D. Pittman
Bureau of Agricultural Economics

Trends in Farm Size Reflect Family-Farm Efficiency

DOES the fact that farms in this country are becoming larger and fewer mean that we are getting away from the traditional family-type farm? We have 1 million fewer farms now than we had 30 years ago—down to about 5.4 million in 1950 as compared with 6.4 million in 1920. And during the same period the average size of farms increased from 148 acres to 215 acres.

The long-time trend toward larger and fewer farms has been frequently viewed with alarm. Large farms, for the most part, are dependent upon hired labor for their operation. Family farms, on the other hand, have most of the work done by the farm operator and members of his family. Some feel that recent trends are leading toward factories in the field, a situation in which farm operators are few but with many hired workers. Others hold that this growth in farm size is only in keeping with man's ability to produce more with less labor, and that most of our farms today, though larger, are still operated on the family basis.

Figures from the *1950 Census of Agriculture* are now available and we have the opportunity to see what changes have taken place among the various farm-size categories.

Increases at Each End of Size Scale

The number of farms with 500 or more acres has increased 40 percent in the past 30 years and farms in this category now comprise 18 percent of the nation's farms. There has been an even greater increase in the number of farms with 1,000 or more acres. These farms, though relatively few in number, have nearly doubled.

At the other end of the size-of-farm scale, there has been a striking increase in the number of farms of less than 10 acres. These farms comprised less than 5 percent of the farms in 1920, but now make up about 9 percent of the total. The 1950 Census reported a decline in the number of these farms since 1940, but this was the result of a change in the Census definition of a farm. The 1950 Census tended to exclude many small farms that had only negligible agricultural production in 1949, but had been counted in previous Census enumerations.

Today there are more large farms and more very small farms than we had

Today and 40 Years Ago

ALTHOUGH farms on the average are getting larger, most of them are still family operated. As the accompanying article suggests, our farms may average larger in acreage but in terms of "man-hours needed" they remain for the most part family farms. Labor-saving machinery and modern farm "know how" help to make the family farm of today different from what it was a few years ago.

Forty years ago, for example, it took 35 man-hours to produce an acre of corn yielding 26 bushels (U. S. average); in recent years (1949–51) it took only 17 man-hours per acre and the yield was 38 bushels. To produce 100 bushels of corn 40 years ago, took 135 man-hours; in recent years only 45 man-hours were required. And, as our author says, "hired labor per commercial farm has remained about the same as in 1920 . . . and three-fourths of all farm workers are farm operators and members of farm operator families."

Since the U. S. average includes a wide variation of farm sizes—the extensive ranches of the West as well as the smaller farms in different sections, it will be interesting to look at the changes in farm sizes also by regions. It is hoped this will be possible in future issues of *The Agricultural Situation*.

30 years ago, but the bulk of the farms in the nation are still included between these two extremes in farm size. The farms from 10 to 99 acres, by and large, represent small family farms. However, many "part-time" units are also included in this size range. (Part-time farms are those where the farm operator worked off-farm 100 or more days or income from other sources exceeded the value of agricultural sales in 1949.) Most of the reduction in farm numbers have taken place in this size group. But while these farms number nearly 1 million less today than in 1920, they still comprise almost half the farms in the nation.

The farms from 100 to 499 acres include most of the medium-to-large family units. At the smaller end of this size group, farms of 100 to 179 acres have decreased substantially. They number about 400 thousand less today than in 1920 and now comprise about one-fifth of the farms compared with one-fourth in 1920. The farms with 180 to 499 acres have remained about the same in number, but due to the decrease in over-all numbers of farms they now comprise a higher proportion than in earlier years.

Trends in the numbers and sizes of farms are subject to varied interpretations. These trends are best understood when explained in light of the "labor-saving" changes that have been taking place on farms. Mechanization and a wide variety of technological improvements have increased the farmer's control over nature. Modern power and machinery permit the same job to be done in shorter time with less labor. It has frequently made possible more timely operations and other improvements in the quality of work done. Mechanization has also brought about changes in systems of farming.

Certain key items of machinery and equipment require fairly sizable acreages for economical operation. The operators of many small farms have been faced with the need for enlarging their farms in order to take advantage of the gains from mechanization. The saving in labor resulting from mechanization has often prompted farmers to seek additional land in order to provide fuller employment for the family labor. Since the total land in farms has increased very little since World War I, the source of land for making farms larger has been, for the most part, in combining farms. A farmer, for example, buys or rents land near his farm to make it larger.

It is among the small family farms—the ones 10 to 99 acres—that changes have been most pronounced. Most of the reductions in farm numbers have taken place in this size group. The types of changes have been frequently of a different nature than those on larger farms. Farm enlargement as well as intensification was needed in most cases. In general, the operators of small farms were less able financially to secure the land needed for farm enlargement. Many operators and mem-

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Changes in Number of U. S. Farms by Size Groups, 1920 to 1950

Acreage size group	1920	1930	1940	1950 [1]	Change 1920 to 1950
	Thousands	*Thousands*	*Thousands*	*Thousands*	*Percent*
Under 10	289	359	506	485	+68
10–49	2,011	2,000	1,780	1,478	−27
50–99	1,475	1,374	1,291	1,048	−29
100–179	[2] 1,490	[2] 1,388	1,279	1,103	−26
180–259	[2] 491	[2] 476	517	487	−1
260–499	476	451	459	478	
500–999	150	160	164	182	+21
1,000 and over	67	81	101	121	+80
Total number	**6,448**	**6,289**	**6,097**	**5,382**	**−17**
Average size acres	**148**	**155**	**174**	**215**	**+45**

[1] 1950 Census of Agriculture, *Farms, Farm Characteristics, Farm Products*, Preliminary.
[2] Corrected for comparability with more recent Census data by estimating the number of farms in the 174–179-acreage size group.

Big Part of Big Turkey Crop Has Already Been Eaten

Turkeys Remaining for Slaughter Probably About the Same As a Year Ago

EARLY this fall the turkey market was dominated by reports of the record size of the 1952 turkey crop, and the higher-than-average cold storage holdings. These points are correct, but a more detailed consideration will help to put them in a proper perspective. Although there will be plenty of turkeys for the holiday trade, a study of the situation indicates that there may be no more turkeys available for slaughter than a year ago.

The 1952 crop of 59 million turkeys raised includes a record-large proportion of Beltsville Small Whites and other small turkeys. Many of these turkeys have already been eaten, since they are produced and marketed the year round.

We don't know how many have been eaten. But we do have a report of farmers' intentions regarding the month in which they plan to market their turkeys. These marketing intentions, reported in August to the Bureau of Agricultural Economics, may change as the season progresses, but for the moment let's assume that farmers' marketing plans will materialize without change from the intentions.

Early Marketings This Year

Farmers' reported intentions were to market 43 percent of their 1952 turkeys before the end of October. In 1951 only 36 percent of that year's crop had been marketed before the end of October.

On that basis, here is some arithmetic for the U. S. as a whole:

	1951	1952
Turkey crop, million birds	52.6	59.0
Percent marketed, or intended for marketing, in October or earlier	36.1	43.0
Percent marketed, or intended for marketing, in November or later [1]	63.9	57.0
Number of birds for November or later, millions	33.6	33.6

[1] Omitting the requirements for the 1953 breeding flocks.

This suggests no difference between 1951 and 1952 in the number of birds available for slaughter after October. Even if farmers have departed from their August intentions, however, the possible departure has to be weighed against a point on the other side: even among the late-season birds, there is apt to be a larger proportion than last year of Beltsvilles. Because of their light weights, Beltsvilles add a smaller percentage to the *tonnage* of the turkey supply than they add to the *number* of birds available. The available estimates are in terms of numbers of birds.

But More Birds in South

This appraisal suggests little change for the U. S. as a whole from last year's November-December supply of turkeys for slaughter, but for the South Atlantic States it is different. These States, from Delaware, Maryland, and West Virginia southward, exceed all other regions in their 1952 increase in turkey numbers. Also, in these States half of the 1952 turkeys are Beltsvilles. For the South Atlantic States, computations comparable to those presented above for the U. S. as a whole are as follows:

	1951	1952
Turkey crop, million birds	7.8	11.0
Percent marketed, or intended for marketing, in October or earlier	45.0	51.2
Percent marketed, or intended for marketing, in November or later	55.0	48.8
Number of birds for November or later, millions	4.3	5.4

In the South Atlantic region, evidently, more birds than last year will be available for marketing during the holiday months of November and December. But that situation is likely to change abruptly early in 1953, according to the record of turkey egg settings in Shenandoah Valley hatcheries. From August 1 to late October 40 percent fewer turkey eggs than a year ago were put into incubators there. This means correspondingly reduced marketings of turkey fryer-roasters from that area, beginning early in January.

To the extent that the South Atlantic situation has colored the general U. S. situation, the general situation has been too pessimistically described. By the figures on which the analysis in this article is based, the North Atlantic and East North Central States are the only other groups of States with more November-and-later turkeys for 1952 than for 1951. The North Atlantic, however, is a deficit area and an increased supply there is not serious. The increase in the East North Central States, meanwhile, is very small.

The marketings of 1951-crop turkeys from farms after November, the corresponding intentions for 1952, and the percentage differences by regions are summarized in this table:

Turkeys marketed in November and later

Region	1951 crop	Intentions for 1952	Intentions as % of 1951 marketings
	Millions	*Millions*	*Percent*
South Atlantic	4.3	5.4	125
North Atlantic	3.2	3.9	121
East N. Central	4.3	4.4	101
Western	10.2	9.7	95
South Central	3.8	3.5	93
West N. Central	7.6	6.7	88
United States	33.4	33.6	101

Storage Excess Steady

Then, where is the turkey surplus? Aside from that part of it which is in the South, it may be in cold storage. On October 1, cold storage stocks were almost 70 million pounds, against 42 million a year earlier. The excess over last year was 28 million pounds.

A month earlier, on September 1, the storage stocks had been 44 million pounds, 19 million more than on the same date in 1951. From September 1 to October 1 the storage excess over last year grew by 9 million pounds.

Although stocks in storage on October 1 were farther ahead of last year than they were on September 1, the excess is partly offset by the turkey purchases being made by the Production and Marketing Administration. These surplus removal purchases, intended principally for nonprofit school lunch programs, by late October had run to 16 million pounds of ready-to-cook turkeys, and purchases were intended to continue through January 1953.

Edward Karpoff
Bureau of Agricultural Economics

Apple and Pear Packing Costs Studied

A STUDY of packing costs for California apples and pears, by B. C. French, is one of a series on efficiency in fruit marketing made cooperatively by the Giannini Foundation of Agricultural Economics and the Bureau of Agricultural Economics. Made possible under authority of the Agricultural Marketing Act of 1946 (RMA, Title II), the study is to be published by the California Agricultural Experiment Station.

Costs of equipment and labor for several types of packing equipment are compared.

The types of equipment observed were (1) packing bins; (2) small tubs with weight sizer, used for apples; (3) large tubs commonly used in packing pears; (4) conveyor belts for packing pears; and (5) a continuous belt line used in packing pears.

The type of package used also affects the cost. Performance standards and packing time requirements for packing California apples and pears are compared in the report.

Outlook Highlights

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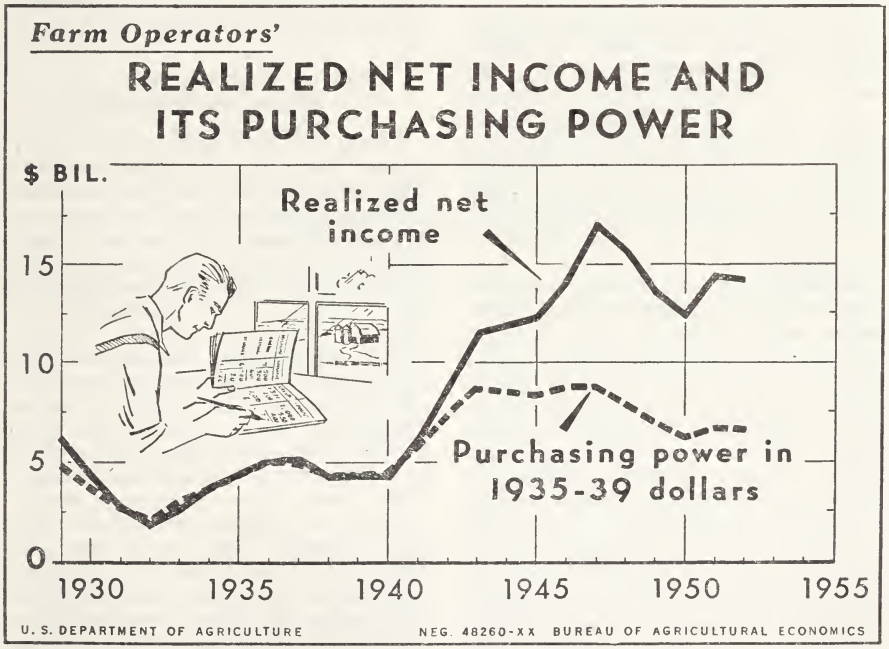
bushels, is considerably below average; and the 71-million bushel crop of sorghum grain will be a little more than half an average crop. Big feed tonnage is from the 3.3 billion bushel corn crop . . . Food grains produced will total about 42 million tons, nearly as much as the 43-million-ton record in 1947. Production of all grains—4 feed and 4 food—will total about 160.6 million tons, exceeded only by the 177 million in 1948 . . . New hay, indicated at 104 million tons compares with last year's big crop of 108 million tons . . . Oilseeds tonnage, though larger than forecast in September, is expected to be 4 percent below the big 1951 total . . . Cotton crop was forecast in October at 14.4 million bales, up 4 percent from the September estimate. Compares with 15.1 million bales last year and 11.8 million average . . . Tobacco production at 2,235 million pounds compares with 2,328 million pounds last year.

Feed Supplies

Feed concentrate supplies for the 1952–53 feeding season are estimated at 165 million tons, about 3 percent lower than in the 1951–52 season, but much above the prewar average. Supplies per animal unit will be about the same as a year ago, since the number of grain-consuming livestock on farms is expected to be slightly lower in the 1952–53 season. . . .

What's Ahead for Farmers in '53? See next issue. It will be our *Annual Outlook* issue.



FROM 1947 to 1950, farmers' dollar incomes dropped 26 percent, their purchasing power 29 percent.

In 1951, farmers' dollar incomes recovered almost half of their previous drop. But because of further increases in prices paid for items used in family living, farmers' purchasing power in 1951 regained less than a sixth of its previous decline. These prices in 1952 are at a new all-time high, and farmers' purchasing power is not only less than it was in 1951 but lower than in any of the previous 10 years except 1950.

Farmers' purchasing power, however, has continued well above prewar (1929–41) levels.

Seeking Ways To Improve Marketing of Butter at Country Points

OF INTEREST to dairy farmers and processors is a new bulletin entitled, *Butter Pricing and Marketing at Country Points in the North Central Region.* The study was undertaken to determine whether central markets underquote butter prices, and whether creameries suffer from lack of adequate market information in selling butter. The study covered such important related matters as organization of the creamery industry, butter marketing practices and channels, sales agreements, causes of variations in prices received by creameries for butter, bargaining positions of creameries, pricing butter to patrons, and managerial decisions on methods of selling butter.

The bulletin (North Central Regional Publication No. 26, Univ. of Minn., A. E. S. Technical Bulletin 203) is the result of the joint efforts of research workers in the 12 North Central States, in Kentucky and in the U. S. Department of Agriculture. More than 300 creameries were surveyed in the region which produces about four-fifths of all the creamery butter manufactured in this country.

According to this report, butter is commonly sold from country plants under some form of advance sales agreement. The agreement is made with a receiver who names a central market quotation as a basis of settlement rather than a dollars-and-cents price. Usually these agreements are verbal and are seldom confirmed in writing. All details important to price are seldom spelled out. The verbal agreement typically provides that the butter produced by a creamery will be purchased by a buyer at a wholesale price in a specified central market, plus a premium or minus a discount. The agreement designates the receiving point, states who is to bear the transportation costs, and names a grade as a basis for pricing. But the source of the quotation and provisions for grading are seldom included.

These agreements are intended to provide price flexibility under changing market conditions and to free attention of management from day to day shopping for price. They may be criticized because they are based on central market quotations which, due to basic changes in industry organization and trading customs, are no longer satisfactory as pricing guides.

Ever-increasing quantities of butter are sold direct, leaving progressively smaller amounts to be traded on central market exchanges. Thus, most of the butter produced in the region is sold on the basis of quotations resulting from a small amount of trading. The butter traded on the exchanges often represents butter least satisfactory for use in the outlets of the handler concerned.

Analysis Indicates Quotations Below the Market

Three wholesale price reports are in general use in the North Central States. Two quotations are published privately, Chicago Price Current quotations covering the Chicago market and Urner-Barry quotations covering the New York market. The third consists of the reports of the U. S. D. A. Market News Service.

Analysis of prices received for nearly 3,300 lots of butter during June 1949, and February 1950, showed that the commercial quotations underquoted the market. Premiums usually were added to central market quotations to establish gross prices at country points. However, net prices received by creameries usually were less than the quotations. This was true because deductions for marketing expenses chargeable to sellers frequently exceeded the premiums. The resulting combination of quotations, premiums, and deductions varied in such an irrational way as to complicate greatly the average creamery manager's task of deciding where and how to sell his butter, and of estimating prices receivable at this plant location.

Market News Service reports give a creamery manager a better notion of actual current market prices than commercial quotations but still do not tell him what net prices he can expect, and what premiums and other conditions of sale will be necessary to achieve them. There was a tendency for these premiums to fluctuate with the basic quotations, increasing in periods of high prices and decreasing with price declines.

Most plants shipped butter regularly to only one receiver, although one-half of the larger plants reported more than one regular buyer. Few creameries can hold butter for more favorable prices without additional capital and storage space. Nor can many accumulate carlots or sell directly to the government. However, the explanation for failure of some creamery managers to shop for more favorable prices depends more on expectations of future business conditions, and the need to specialize on manufacturing problems, than on short time factors.

Better Records Needed—Also Salesmanship

Large creameries and sales organizations are in a more favorable position in selling butter than small ones, yet some large creameries appeared to follow selling practices that were little different from those used by smaller creameries.

Do creameries gain by arranging agreements with regular buyers? The analysis suggested that sales aggressiveness was more important to price differences than were agreements. Nearly all creameries would profit from being more aggressive in selling their butter.

Little butter was sold direct to the government by the creameries during 1949 and early 1950. Most butter sold to the government was first shipped to the regular receivers of the creameries and resold to the Commodity Credit Corporation. Net prices received by creameries on these sales through intermediaries were slightly lower than would have been realized on direct sales.

No particular condition of sale could be proved statistically to affect net prices. Therefore, it is important that creameries work toward firm written contracts on all the conditions of sale. Creameries also should set up adequate records to permit verification of sales returns against terms of the agreement, and to compare marketing expense with income from individual lots.

Midwest plants selling on the basis of New York quotations usually received less for butter than creameries selling on Chicago quotations. Relative losses resulting from selling on New York quotations were greater from May through August than in other months.

Prices Not Closely Related to Grades

No relationship was found between the volume of butterfat receipts or of butter manufactured at the creamery and net prices received. Plants receiving a large amount of butterfat were often flexible in their operations, frequently using considerable butterfat in the manufacture of products other than butter. Such plants, however, were not regular sources of butter supplies for buyers. Buyers tended to favor regular suppliers.

Although better grades of butter were priced higher than lower grades, prices were not as closely related to grades at country points as in central markets.

Some differences not explained by grade or distance from central market were found among prices paid creameries by a given buyer. This suggests that buyers considered other service and quality factors. Some of these may be storability, regularity of shipments, size of shipments, uniformity among lots, and distinctive flavors. Grades probably cannot be revised to include these. Also, if these factors are found to be more important than grade, any specific price that can be issued as a quotation would necessitate continuance of the system of premiums and discounts. In any case, premiums might be used occasionally by a buyer to solicit the business of a new creamery in a rising market.

Particular types of first receivers often paid significantly different prices to plants in the same locality. For example, chain stores paid more for but-

ter than wholesalers. This suggests that channels and services may be differentiated so that we no longer can expect the price at one stage of marketing, or for one group of marketing agents, to furnish a single effective guide for pricing at country points.

Suit the Butter to the Buyer

Although selling to a regular buyer may be a good policy, the seller should inform himself as completely as possible about the channels and buyer to which his particular butter is best suited.

In summary, it was found that the system of butter pricing at country points, based on agreements with regular buyers on the basis of a central market quotation, results in an irrational system of net f. o. b. plant prices. Although the manager of a representative midwestern creamery can do much to market his product more advantageously, he can do little as an individual about the basic faults of the quotation. Improvements in the quotation must await research at the central market, and will call for group action through trade associations, farm organizations, and government agencies.

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Prices of Farm Products

[Estimates of average prices received by farmers at local farm markets based on reports to the Bureau of Agricultural Economics. Average of reports covering the United States weighted according to relative importance of district and State]

Commodity	Average		Oct. 15, 1951	Sept. 15, 1952	Oct. 15, 1952	Effective parity prices Oct. 15, 1952 [2]
	Base period price [1]	January 1947–December 1949				
Basic commodities:						
Cotton (pound)—cents	[3] 12.4	31.22	36.21	39.17	37.02	34.35
Wheat (bushel)—dollars	[3] .884	2.14	2.10	2.09	2.07	2.45
Rice (cwt.)—do	1.95	5.38	4.71	5.30	5.76	5.50
Corn (bushel)—do	[3] .642	1.64	1.64	1.71	1.53	1.78
Peanuts (pound)—cents	[3] 4.8	10.2	10.4	11.1	11.1	13.3
Designated nonbasic commodities:						
Potatoes (bushel)—dollars	[4] 1.12	1.60	1.39	2.22	2.11	[5] 1.73
Butterfat in cream (pound)—cents	26.7	71.2	69.9	74.3	73.5	75.3
All milk, wholesale (100 lb.)[6]—dollars	1.68	4.42	4.91	5.07	[7] 5.30	4.74
Wool (pound)—cents	20.9	46.0	66.7	50.2	50.4	58.9
Other nonbasic commodities:						
Barley (bushel)—dollars	[3] .619	1.37	1.23	1.43	1.42	[5] 1.45
Cottonseed (ton)—do	26.40	71.60	69.90	69.60	70.70	74.40
Flaxseed (bushel)—do	1.65	5.54	3.78	3.80	3.73	4.65
Oats (bushel)—do	[3] .399	.852	.819	.835	.828	[5] .944
Rye (bushel)—do	.587	1.82	1.52	1.73	1.74	1.66
Sorghum, grain (100 lb.)—do	[3] 1.21	2.53	2.15	3.02	2.87	[5] 2.85
Soybeans (bushel)—do	1.00	2.84	2.62	2.83	2.71	2.82
Sweetpotatoes (bushel)—do	.902	2.36	2.73	3.35	2.94	2.54
Beef cattle (100 lb.)—do	7.36	20.20	28.40	23.80	22.00	20.80
All chickens (pound)—cents	11.3	29.3	24.5	26.3	24.2	31.9
Eggs (dozen)—do	[3] 21.5	46.6	55.6	48.7	50.4	[5] 50.7
Hogs (100 lb.)—dollars	7.49	21.90	20.20	19.10	18.60	21.10
Lambs (100 lb.)—do	8.09	21.90	29.70	24.10	22.20	22.80
Veal calves (100 lb.)—do	8.21	22.60	31.80	26.00	23.80	23.20
Oranges, on tree (box)—do	[4] 2.29	1.23	1.55	1.67	2.00	[5] 3.52
Apples (bushel)—do	.991	2.39	1.91	2.56	2.72	2.79
Hay, baled (ton)—do	[3] 11.87	22.40	21.90	25.00	25.69	[5] 28.00

[1] Adjusted base period prices 1910–14, based on 120-month average January 1942–December 1951 unless otherwise noted.
[2] Parity prices are computed under the provisions of title III, subtitle A, section 301 (a) of the Agricultural Adjustment Act of 1938 as amended by the Agricultural Acts of 1948 and 1949.
[3] 60-month average, August 1909–July 1914.
[4] 10-season average 1919–28.
[5] Transitional parity, 85 percent of parity price computed under formula in use prior to Jan. 1, 1950.
[6] Prices received by farmers are estimates for the month.
[7] Preliminary.

Year and month	Industrial production (1935–39=100)[1]	Total income of industrial workers (1935–39=100)[2]	Average earnings of factory workers per worker (1910–14=100)	Wholesale prices of all commodities (1910–14=100)[3]	Index numbers of prices paid by farmers (1910–14=100)			Index numbers of prices received by farmers (1910–14=100)			
					Commodities	Wage rates for hired farm labor[4]	Commodities, interest, taxes, and wage rates	Livestock and products			
								Dairy products	Poultry and eggs	Meat animals	All livestock
1910–14 average	58	50	100	100	100	100	100	100	100	100	100
1915–19 average	72	90	152	158	149	147	148	147	153	162	157
1920–24 average	75	122	221	160	159	181	168	159	163	121	140
1925–29 average	98	129	232	143	151	184	161	161	155	145	152
1930–34 average	74	78	179	107	117	121	124	105	94	83	91
1935–39 average	100	100	199	118	124	121	125	119	108	117	115
1940–44 average	192	237	315	139	148	211	152	169	145	166	162
1945–49 average	186	317	431	204	219	407	229	264	213	291	265
1950 average	200	369	516	236	246	425	255	247	181	340	278
1951 average	220	425	566	263	271	470	281	284	226	411	335
1951											
October	218	425	570	260	272	476	283	294	247	410	340
November	219	426	575	260	274	-------	284	305	249	387	332
December	218	435	587	260	273	-------	284	314	233	379	328
1952											
January	221	429	[5]582	254	275	498	287	316	200	376	320
February	222	430	584	253	276	-------	288	317	181	377	317
March	221	431	588	252	275	-------	288	305	177	372	310
April	216	[5]421	[5]574	251	276	510	289	291	180	372	306
May	211	421	[5]581	251	276	-------	289	281	175	394	313
June	204	411	[5]585	250	273	-------	286	277	181	380	306
July	193	[5]395	573	251	273	506	286	286	208	376	312
August	215	435	[5]590	252	274	-------	287	295	225	372	316
September	-------	-------	606	251	271	-------	[5]285	307	227	349	306
October	-------	-------	-------	-------	269	499	282	316	228	328	301

Year and month	Index numbers of prices received by farmers (1910–14=100)									Parity ratio[6]
	Crops								All crops and livestock	
	Food grains	Feed grains and hay	Tobacco	Cotton	Oil-bearing crops	Fruit	Truck crops	All crops		
1910–14 average	100	100	100	100	100	100	-------	100	100	100
1915–19 average	193	161	183	175	201	126	-------	171	164	111
1920–24 average	147	125	189	197	155	157	[7]152	162	150	89
1925–29 average	141	118	169	150	135	146	145	143	148	92
1930–34 average	70	76	117	77	78	98	104	84	88	71
1935–39 average	94	95	172	87	113	95	95	99	107	86
1940–44 average	123	119	241	138	170	150	164	145	154	101
1945–49 average	222	205	377	240	289	216	206	234	250	109
1950 average	224	187	402	280	276	200	185	232	256	100
1951 average	243	220	436	335	339	193	239	264	302	107
1951										
October	239	219	445	304	296	188	171	247	296	105
November	249	224	424	345	307	172	249	267	301	106
December	253	233	440	339	309	177	331	280	305	107
1952										
January	251	234	431	325	303	171	337	277	300	105
February	249	230	436	313	296	168	217	259	289	100
March	251	229	435	309	284	176	265	265	288	100
April	250	229	435	313	279	179	308	272	290	100
May	245	227	436	303	280	190	285	270	293	101
June	238	226	437	319	289	220	250	277	292	102
July	230	227	436	311	307	214	287	276	295	103
August	236	233	436	319	310	206	229	272	295	103
September	240	234	428	329	305	200	182	264	288	101
October	240	219	429	311	304	215	189	260	282	100

[1] Federal Reserve Board: represents output of mining and manufacturing; monthly data adjusted for seasonal variation.
[2] Computed from data furnished by Bureau of Labor Statistics and Interstate Commerce Commission on payrolls in mining, manufacturing, and transportation; monthly data adjusted for seasonal variation.
[3] Bureau of Labor Statistics.
[4] Farm wage rates simple averages of quarterly data, seasonally adjusted. [5] Revised.
[6] Ratio of index of prices received to index of prices paid, interest, taxes, and wage rates. This parity ratio will not necessarily be identical to a weighted average percent of parity for all farm products, largely because parity prices for some products are on a transitional basis. [7] 1924 only.

Trends in Farm Size

(*Continued from page 8*)

bers of their families found it to their advantage to take up off-farm work. Industrial expansion and the growing tendency toward decentralization of industries in many parts of the country provided off-farm jobs for many small farm operators and members of their families. Some farmers made little change in their farms after accepting off-farm work. Others reduced their acreages to fit the pattern of a new job or occupation. Still others got out of farming completely. This provided much of the acreage for enlargement of other farms.

The striking increase in farms of less than 10 acres in size has stemmed largely from the growing importance of part-time farming. The automobile and better roads have enabled farmers to live at home and drive to jobs in nearby towns and factories. The availability of electricity and modern facilities in country homes has tempted many city workers to enjoy the advantages of country life and engage in small agricultural operations. On most of the farms of less than 10 acres the operator worked off-farm a major portion of his time and had an income from other sources greater than that received from the sale of farm products.

Farm combinations also took place among the larger sizes of farms as farmers found themselves able to handle more land. The number of farms of 500–999 acres increased by 20 percent and farms of over 1,000 acres increased by 80 percent since 1920. However, farms of over 1,000 acres make up only 2 percent of the total number of farms and much of the apparent increase came in the Western States as a result of more complete accounting of certain range lands. Many of these larger farms are dry-land grain farms or livestock ranches in the Great Plains or Far West and, for these types of farming, are thought of as only moderate-sized family farms.

Acres of land in farms is not too good a measure of size unless account is made of the varying land requirements of different types of farming in different parts of the country. "Man-hours needed" is perhaps a better measure. Measured in this way, family farms still dominate the picture. And growth in farm size is to be expected because of the increased productivity of labor.

The increase in large farms need not be taken to represent a trend toward the factory type of farm and away from the family farm that has so long characterized American agriculture. In fact, these increases in farm size are in line with the rapid technological development that has taken place in agriculture. Modern power and equipment have enabled the same working force to tend larger acreages and farmers evidently are taking advantage of this opportunity. Hired labor per commercial farm has remained about the same as in 1920. Moreover, fully three-fourths of all farm workers are farm operators and members of farm operator families.

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